



# RIO+20 POLICY

## VALUING NATURAL WEALTH

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### Areas of success

- ▶ At Rio+20, governments have an opportunity to **recognise and better embed the value of natural wealth** into our economic development;
- ▶ Parties have two main areas of success for Rio+20:
  1. Agreeing to set up **clear and comparable methodologies for indicators** to measure the quality of the environment, nature, biodiversity and ecosystems alongside existing economic (GDP) and social (Inequality-adjusted Human Development Index, IHDI) indicators;
  2. Pledging to **take fiscal, legal and regulatory measures** to better embed the value of nature, biodiversity and ecosystem services in national accounting systems, national and local development and poverty reduction strategies in national accounts and corporate balance sheets and to share best practices.

### 1. New environmental indicator

There **currently are overall indicators for two of the three dimensions of sustainable development**: economic (GDP) and social (IHDI), but not for the environment. We need to **measure what we treasure**. Numerous countries and institutions have begun trying to account for environmental performance in varying degrees. Rio+20 represents a unique opportunity for 193 governments to set up **clear and comparable methodologies for national indicators** to measure the quality of the environment, nature, biodiversity and ecosystem services alongside existing indicators, as well as sharing best practices.

This new environmental indicator would **come in addition to the sustainability indicators that can be used to measure progress on the Sustainable Development Goals**.

#### Specific language

As yet, the issue of developing an indicator to go beyond GDP is largely contained in a single paragraph of the Rio+20 document, §111. Given the importance of this step in order to achieve sustainable development, the issue of going beyond GDP should be given its own section, urging Parties to establish clear and comparable national indicators to measure environmental quality and fleshing out timelines and reporting duties.

Indicators for measuring the quality of the environment, nature, biodiversity and ecosystem services could be at the **national level and implemented by states**. However, at Rio+20 parties can agree to implement comparable methodologies for measuring, including **what is measured and how** (for example air, water and soil quality). The opportunity is to **share best practices** and have measurements that are **meaningful internationally**.

## 2. Full-Cost Accounting

The sustainable management of natural wealth requires that its value is properly reflected in national accounting systems, development and poverty reduction strategies, and in **corporate balance sheets and reporting**. For this, Parties should pledge to **take fiscal, legal and regulatory measures to better embed the value of nature** into national accounting systems, national and local development and poverty reduction strategies, corporate balance sheets, and reporting duties. Parties should also share best practices to incentivise investment flows toward sustainable development.

### Specific language

The section on **Sustainable Consumption and Production** (“SCP”, from §pre97 to 97) is the best place for Parties to commit to language on full-cost accounting. Presently, the section contains some progressive **language but as yet is still very weak**: “calls” for better integration do not translate into commitments. An important failure of this section is the lack of any mention about setting up the proper regulatory and fiscal frameworks or “**enabling conditions**” in order to help favour sustainable development. **Concrete policies** that governments can take within the Rio+20 context include:

- ▶ Ensuring the establishment of **strong legal frameworks** for the sustainable use of natural resources and ensure compliance, notably through mandatory national accounting and reporting systems;
- ▶ Strengthening the regulatory framework for **corporate accounting** to include environmental impacts and for environmental disclosure in securities filing, including environmental risk;
- ▶ Mandating sustainable **public procurement** and ensuring that IFIs take into account ecosystem services when funding development projects. WWF commends §97bis.
- ▶ Making best use of **fiscal policy** (taxes, charges and expenditure) to incentivise environmental sustainability as well as green and decent jobs; this includes setting up appropriate incentives for green investments, notably by accredited investors such as pension funds;
- ▶ Facilitate and **incentivise investment flows** toward sustainable development, for example by providing loans or underwriting financial risk;
- ▶ Incentivise the sustainable production and **sourcing of goods and commodities by industry**, particularly food crops, dairy, beef, seafood, timber, pulp, cotton, biofuels, palm oil, and soy, including externally outside national borders.

